

# United States Senate

WASHINGTON, DC 20510

## Boehner-Hutchinson Investment Advice Bill Includes Safeguards that Protect Workers

May 6, 2002

Dear Colleague:

Americans deserve high-quality investment advice that is tailored to their own individual needs. But Enron's employees had no access to investment advice through their job. Current law simply does not serve the needs of workers who need access to advice nor does it adequately protect them from advice that is not in their best interest.

The *Retirement Security Advice Act* modernizes current law by allowing employers to provide their workers with access to high quality, professional investment advice. Under the bill, financial service providers may provide specific investment advice to workers as long as they fully disclose any potential conflicts or fees before giving advice. **It also retains important safeguards and includes new protections to ensure that participants will receive advice solely in their best interests.**

Under the bill, advisers will be subject to a "fiduciary duty" and will be personally liable for any failure to act solely in the interest of the worker. The Labor Department is authorized to seek both criminal and civil sanctions if an adviser breaches this "fiduciary duty." This is the highest form of financial responsibility an investment adviser can be held to under the law. In addition, existing federal and state laws that regulate individual advisers will continue to apply.


In order to provide advice under the bill, investment service firms must disclose any fees or potential conflicts. The bill requires that disclosure be in plain language for the average plan participant to understand. In addition, the disclosure must also be "reasonably contemporaneous" with the advice. **These new disclosure and fiduciary protections are significantly stronger than what the average investor has today.**

To reinforce this point, the nation's chief pension law enforcement official, Assistant DOL Secretary Ann Combs said that, *"We believe the bill creates a strong, protective framework for the provision of investment advice to participants."*


The *Retirement Security Advice Act* (H.R. 2269) has passed the House twice with the support of 74 Democrats, once as a stand-alone measure and once as part of the Pension Security Act, based on the President's 401(k) reform proposal. We strongly encourage you to cosponsor the Senate version of this legislation, S. 1978.

Workers in the United States should be able to make informed decisions about their financial investments and the *Retirement Security Advice Act* is the best solution to help them maximize their retirement savings. If you would like to sign on to S. 1978 as a cosponsor, please contact Kyle Hicks at x4-2353. We hope that you will join us in supporting this important initiative.

Sincerely,



Tim Hutchinson  
United States Senate



John Boehner  
U.S. House of Representatives